25 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

The US is set to announce new tariffs on goods from China, the European Union and more than a dozen other economies, as the Trump administration moves to replace levies struck down by the Supreme Court.

This, alongside a pull-back in certain AI names and growing chatter over the possibility of US strikes on Iran, weighed on risk sentiment overnight, seeing equities sell off across the US and Europe.

Treasuries benefitted from the souring in risk sentiment, receiving a solid bid that was strongest around the belly of the curve. Yields were generally lower across the globe, including in Australia.

Today's October CPI data will be closely watched, especially now the context has changed following the repricing to RBA rate cuts after last week's labour market data. Westpac expects the headline and trimmed mean CPI to lift to 4.8%yr and 3.7%yr respectively.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.8	-0.2%
AUD/USD	0.6641	0.2%
AUD/JPY	105.71	0.3%
AUD/GBP	0.5063	-0.5%
AUD/NZD	1.2109	-0.4%
AUD/EUR	0.6055	-0.4%
AUD/CNH	4.4259	0.2%
AUD/SGD	0.8561	0.0%
AUD/HKD	5.2073	0.2%
AUD/CAD	0.9475	-0.5%
EUR/USD	1.0967	0.6%
USD/JPY	159.18	0.1%
USD Index	103.81	-0.5%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.86	0.00
90 day BBSY	4.98	0.02
180 day BBSY	5.25	0.00
1 year swap	4.78	-0.01
2 year swap	4.57	-0.04
3 year swap	4.48	-0.05
4 year swap	4.47	-0.05
5 year swap	4.50	-0.05
6 year swap	4.55	-0.05
7 year swap	4.60	-0.05
8 year swap	4.66	-0.05
9 year swap	4.71	-0.05
10 year swap	4.76	-0.05

Equities	Close	Change
S&P/ASX 200	8,726	1.8%
S&P 500	7,187	-0.7%
Japan Nikkei	58,645	3.9%
Hang Seng	22,220	-0.7%
Euro Stoxx 50	6,004	-1.2%
UK FTSE100	10,467	-0.1%
VIX Index	26.99	1.4%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.48	-0.04
10 year bond	4.84	-0.06
United States		
3-month T Bill	4.15	0.00
2 year bond	4.67	-0.03
10 year bond	4.90	-0.04
Other (10 year yields)		
Germany	3.26	-0.02
Japan	2.73	-0.07
UK	5.19	-0.02

Commodities	Current	Change
CRB Index	366.49	0.0%
Gold	3551.16	-2.3%
Copper	11826	-5.3%
Oil (WTI futures)	81.59	1.8%
Coal (coking)	249.75	0.5%
Coal (thermal)	150.50	1.1%
Iron Ore	88.80	0.7%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.85	0.00
3 yr bond	4.47	0.00
3 mth bill rate	4.93	0.01
SPI 200	8,721	-0.2%

Data as at 7:30am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

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Financial Markets

- Momentum in share markets quickly reversed overnight following a pull-back in major AI names (NVIDIA, Anthropic), reports that the US is to announce further tariffs on major trading partners, and renewed chatter of a US strike on Iran. Highlighting the outsized impact of shakier AI sentiment, the tech-heavy NASDAQ (–1.9%) fell by larger margin than the S&P 500 (–0.7%), while the Dow Jones (+0.6%) managed to bounce higher. Moves may have also been accentuated by early month-end flows ahead of Thanksgiving.
- Stocks also weakened across the pond, with the Euro Stoxx 50 (–1.2%) and London's FTSE 100 (–0.1%) both down on the day. But in Asia, most major indices benefitted from the yesterday's tech-led rally following from the reinstatement of Jensen Huang as NVIDIA's CEO, with stocks higher in Tokyo (+3.9%), Shanghai (+0.1%) and Seoul (+6.3%). The ASX 200 also bounced 1.8% higher, although following the action overnight, futures markets are pointing to a softer open this morning.
- Treasuries benefitted from the souring in risk sentiment, receiving a solid bid that was strongest around the belly of the curve: the 2Y down 2bps to 4.68%, the 10Y down 4bps to 4.91% while the 30Y inched just 1bp lower to 5.29%. Market pricing for the Fed is little changed: a full rate hike still priced in for December and March, and the risk of a third rate hike in the second half of the year.
- Yields were generally lower across the globe: the 10Y JGB down 7bps to 2.73%, while the 10Y Bund and Gilt was both down 2bps to 3.26% and 5.19% respectively. ACGBs also rallied during local trading: the 3Y and 10Y down 4bps and 6bps to 4.48% and 4.84% respectively, with no significant change in futures trading overnight. Markets continue to price-in the start of the RBA's rate cutting cycle by August 2027, though that timing could shift depending on how the October CPI data lands today.
- The USD sold off overnight, seeing the DXY fall 0.5% to around 103.8. The Euro (+0.6%) and Sterling (+0.7%) both benefitted more significantly from the move, bringing each cross back up to a USD1.09 and USD1.31 handle respectively. The Loonie also rallied strongly (+0.7%) following more hawkish comments from the BoC's Macklem which strengthened pricing for a December rate hike. The Yen bucked the wider trend, weakening against the greenback by 0.1%, holding around JPY159.2.
- The Aussie dollar managed to move slightly higher on the day, but resistance at USD0.6660 kept it trading a narrow range, finishing 0.2% higher at around USD0.6640. Today's October CPI data will be closely watched, though the context of the market reaction has changed following the repricing to cuts after last week's labour market data.

Today's key data and events

Time	Event	Exp	Prev
11:30	AU CPI Oct	4.7%	4.3%
11:30	AU Construction Work Done Q3	0.8%	-2.1%
-	US Building Permits Oct Final	-	-
0:30	US Personal Income Oct	0.4%	0.2%
0:30	US Personal Spending Oct	0.4%	0.5%
0:30	US PCE Deflator Oct	0.3%	0.5%
0:30	US Core PCE Deflator Oct	0.3%	0.3%
0:30	US GDP Q3 (Second Est.)	3.4%	3.4%
0:30	US Initial Jobless Claims 21/11/2026	200k	203k
0:30	US Durable Goods Orders Oct Prel.	0.6%	1.9%
2:00	US New Home Sales Oct	–3.8%	–0.6%

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

- Oil prices inched slightly higher overnight following murmurs of a potential US strike on Iran, which is being considered as a risk over the Thanksgiving holiday while markets are closed. Brent rose 1.7% to around US$90.9/bbl. Meanwhile, the pullback in risk sentiment weighed heavily on metals, with both LME copper and aluminium jolting 5.3% and 3.1% lower respectively, both at cycle lows. Gold prices meanwhile fell 2.2% to around US$3,550/oz, spooked by reports of the US planning to introduce tariffs.

International Data

In the US, September's **FHFA** and **S&P/CS house price** update reported no change and a 0.13% increase respectively, the latter seeing annual growth little-changed at 2.6%yr. The **Richmond Fed manufacturing index** also rose from –2 to +3 in November, despite a sharp fall in business conditions in the month.

Meanwhile, the **Conference Board's consumer confidence** measure jumped from 91.9 to 103.3 in November, reflecting improved views on current conditions and the outlook, possibly related to less uncertainty following the US mid-term elections. Note, this is a stark contrast from the University of Michigan measure, which tends to more directly reflect cost-of-living concerns which are a material challenge for many households. The Conference Board's measure is much more positive, with confidence back above average, supported by labour market resilience and wealth gains.

The US is set to announce new tariffs on goods from China, the European Union and more than a dozen other economies as soon as Tuesday, as the Trump administration moves to replace levies struck down by the Supreme Court.

In Germany, the **IFO Business Climate Index** edged up from 90.1 to 90.6 in November, with both current assessments and expectations supporting the rise.

Local Data

There was no major data out in Australia or NZ.

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